



State of Washington
PUBLIC DISCLOSURE COMMISSION

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1:00 p.m.
March 22 and March 23, 2006

MINUTES – SPECIAL MEETING

Evergreen Plaza Bldg. Room 206
711 Capitol Way South
Olympia, Washington

COMMISSION MEMBERS PRESENT

Earl Tilly, Chair
Jane Noland, Vice Chair
Bill Brumsickle, Secretary
Michael Connelly, Member –
(Departed at 1:05 p.m., March 23, 2006)
Ken Schellberg, Member

STAFF PRESENT

Vicki Rippie, Executive Director
Doug Ellis, Assistant Director
Michael Smith, Chief Technology Officer
Nancy Krier, Senior Counsel
Linda Dalton, Sr. Asst. Attorney General
Chip Beatty, Secretary

The special meeting of the Public Disclosure Commission was called to order by Commission Chair Earl Tilly at 1:00 p.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

Strategic Planning

The Commission members and management staff devoted three and a half hours to developing the agency's 2007-2009 strategic plan. The planning session, facilitated by Senior Assistant Attorney General Linda Moran, focused on examining the Commission's mission and vision statements and modifying its goals and objectives.

Recess

Commissioner Tilly recessed the meeting at 4:34 p.m.

Reconvene

The Commission reconvened at 9:30 a.m. on March 23, 2006.

Public Comments/Concerns

Rick Aydelotte, a citizen of the Town of Skykomish, outlined the circumstances which led to his petition to the Commission for personal financial disclosure of elected officials in the Town of Skykomish. The Commission informed Mr. Aydelotte that his petition would be reviewed by legal counsel.

Minutes

Motion 06-089

Moved by Commissioner Connelly, seconded by Commissioner Schellberg:

The Commission adopts the minutes of February 23, 2006 and March 9, 2006, as written.

The motion passed unanimously.

Rule Making

Doug Ellis identified the proposed rule amendments scheduled for public hearing:

- Amend WAC 390-16-011 Forms – Registration statement for political committees
- Amend WAC 390-16-012 Forms – Registration statement for candidates

If approved, the rules become effective 31 days after filing the appropriate form with the Code Reviser.

No public testimony was offered.

Motion 06-090

Moved by Commissioner Connelly, seconded by Commissioner Brumsickle:

The Commission adopts as presented amendments to WAC 390-16-011 Forms – Registration statement for political committees and WAC 390-16-012 Forms – Registration statement for candidates.

The motion passed unanimously.

Mr. Ellis informed the Commission that staff will proceed with a minor change to the Personal Financial Affairs Supplement form using the expedited rulemaking process.

Legislation

Vicki Rippie updated the Commission on legislation that passed during the recent session and the impact on chapter 42.17 RCW.

Advisory Matters

Discussion of F-1 reporting and limited liability partnerships

Senior Counsel Nancy Krier reported to the Commission regarding F-1 reporting and limited liability partnerships. Jamie Pedersen from Preston Gates & Ellis LLP appeared before the Commission to explain his position regarding whether current law requires the reporting of the business and governmental customers of limited liability partnerships.

The Commission agreed to discuss this matter at a future date.

Charging interest on extended payments of civil penalties

Doug Ellis outlined suggestions for charging interest on extended payments of civil penalties involved with stipulated agreements and settlements.

Commissioner Connelly stated that any application requires consistency.

The Commission directed staff to impose interest of 1% per month on civil penalties of \$5000 or more that are not paid within six months from the date of the order.

Discussion of modifying brief enforcement hearing penalty schedules to address non-compensated positions and filers who lack the resources to pay

Doug Ellis briefed the Commission on compensation paid to local officials such as school directors, and commissioners of water, sewer, fire, and park districts.

Mr. Ellis also reviewed the penalty assessment policies of other agencies with regard to indigent persons.

Commissioner Connelly commented that these cases represent a very small percentage of filers. He agreed that commissioners can have a human concern for these filers, but the issue is compliance.

Sending enforcement warning letters and hearing notices by certified mail

Doug Ellis summarized the cost and staff time involved in sending all enforcement warning letters and hearing notices by certified mail.

Commissioner Schellberg suggested that envelopes for enforcement mailings include special designations so recipients are alerted that the information is important.

Enforcement

Hearing

*Whatcom County Democratic
Central Committee, Case #06-302*

Phil Stutzman summarized the case against the Whatcom County Democratic Central Committee for alleged violations RCW 42.17.080 and 42.17.090 during 2005 and 2004 by failing to timely file C-3 reports of contributions received, and by failing to timely file C-4 summary reports of contributions and expenditures.

Mr. Stutzman outlined the Stipulation of Facts and Violations.

Barry Buchanan from the Whatcom County Democratic Central Committee stated that the committee has taken steps to keep this from happening in the future. Forms will now be filed at least two days prior to the due date with copies transmitted electronically to the committee chair, vice-chair and the finance chair for review.

Executive Session

The Commission went into private deliberations at 11:15 a.m.

Public Session

The Commission returned to public session at 11:30 a.m.

Enforcement

Hearing (cont.)

*Whatcom County Democratic
Central Committee, Case #06-302*

Commissioner Noland stated that the number of violations and the amount of money involved are troubling. She said the Commission is pleased with the new procedures that the committee has adopted but, nonetheless, this is a significant violation that warrants a higher penalty.

Motion 06-091

Moved by Commissioner Noland, seconded by Commissioner Schellberg:

In PDC Case #06-302, Whatcom County Democratic Central Committee, the Commission accepts the Stipulation of Facts and Violations.

The motion passed unanimously.

Commissioner Connelly stated that the penalty suggested by staff is within the range of similar cases and, to be consistent, the Commission should accept that recommendation.

Motion 06-092

Moved by Commissioner Noland, seconded by Commissioner Brumsickle:

In PDC Case #06-302, Whatcom County Democratic Central Committee, the Commission finds multiple violations of RCW 42.17.080 and .090 during 2005 and 2004 by failing to timely file C-3 reports of contributions received, and by failing to timely file C-4 summary reports of contributions and expenditures.

The Commission amended the Stipulated Civil Penalty, with the concurrence of Mr. Buchanan, to \$3500 with \$1000 suspended on the condition of no further violations for a period of four years from the date of the order. The non-suspended portion of the penalty is to be paid within 60 days from the date of the order.

Voting For: Commissioners Tilly, Noland and Brumsickle.

Voting Against: Commissioners Connelly and Schellberg.

The motion passed.

Executive Session

The Commission went into executive session at 12:03 p.m. to discuss pending litigation with legal counsel.

Public Session

The Commission returned to public session at 1:03 p.m.

Motion 06-093

Moved by Commissioner Connelly, seconded by Commissioner Brumsickle:

The Commission recommends that the Attorney General appeal to the United States Supreme Court the decision of the Washington State Supreme Court in State ex rel. Public Disclosure Commission v Washington Education Association.

The motion passed unanimously.

Commissioner Noland stated that the outcome and wording of the decision potentially jeopardizes the entire campaign finance law and how it is enforced in the future.

Commissioner Tilly said legal decisions usually clarify the law but this decision is confusing and it is the responsibility of the Public Disclosure Commission to preserve the integrity of the state's campaign process.

Reporting Modifications
New

*Barre A. Seibert, Council Member,
City of Clyde Hill*

Kurt Young reported that Mr. Seibert requests an exemption from reporting the business and governmental customers of Tootsie Roll Industries, Inc., where he serves as a director.

Motion 06-094

Moved by Commissioner Noland, seconded by Commissioner Brumsickle:

The Commission grants Barre A. Seibert a partial reporting modification.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Renewals (with changes)

*Monte Dahlstrom, Commissioner,
Grays Harbor Water District #2*

Mr. Young reported that Mr. Dahlstrom requests a) an exemption from reporting the business and governmental customers of Group Investment LLC, a

money lending company in Grays Harbor County of which he is part owner, and b) a renewal of the modification for Dahlstrom Lumber Company, Local Manufacturing, Viking Lumber Company, A-Fab, Inc., and Little River, Inc.

Commissioner Noland asked for additional information concerning the customers of Group Investment LLC.

Commissioner Tilly suggested this modification be heard next month and that Mr. Dahlstrom participate.

*Steven Hill, current Administrator,
Washington Health Care Authority
and former Washington State
Regent until May of 2005*

Mr. Young reported that Mr. Hill requests a modification for 2005 and a retroactive modification for 2004. He requests a) an exemption from reporting the business and governmental customers of Washington Public Affairs Network (TVW) and Hilltop Artists in Residence, entities where he serves as a board member, and b) a renewal of the modification for the Seattle Symphony Orchestra and Seattle Symphony Players Pension Trust.

Motion 06-095

Moved by Commissioner Brumsickle, seconded by Commissioner Schellberg:

The Commission grants Steven Hill a partial reporting modification.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the act.

The motion passed unanimously.

Renewals (no changes)

The Commission considered the requests for renewals with no change en masse.

Motion 06-096

Moved by Commissioner Brumsickle, seconded by Commissioner Schellberg:

The Commission grants partial reporting modifications as requested to Elizabeth A. Cowles, Francois X. Forgette, William H. Gates, Orlan J. Gessford, Clair S. Grace, Jayasri Guha, Merilla Hopkins, Sarah "Sally" Jewell, Stephen L. Johnson, Kris Mikkelsen, A. Daniel O'Neal, Jeanne

E. Stewart, Elizabeth E. Verhey, and William Williams.

The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicants and that a limited modification would not frustrate the purposes of the act.

Staff Reports

Executive Director

Vicki Rippie stated that agency spending to date is currently less than anticipated and a portion of this money will possibly be used for a new phone system.

Ms. Rippie also updated the Commission on the current balance of the commissioner dues account.

Assistant Director

Doug Ellis presented the Commission with a report outlining the details and resolutions of 45-day letter complaints received since 1996. Ladelle Faquay, PDC's new data entry person, was introduced to the Commission.

Chief Technology Officer

Michael Smith briefed the Commission on ORCA enhancements, the current number of filers utilizing the new system and the status of the Macintosh version. Terry Springer, PDC's temporary applications designer, was introduced to the Commission.

Adjournment

Chair Tilly adjourned the meeting at 1:55 p.m. The next meeting is scheduled for Thursday, April 27, 2006.

Approved by the Commission 5/31/06